DashResearch
cx market intelligence

EXECUTIVE SUMMARY
CX Personalization and Optimization

Market Drivers and Barriers, Market Sizing and Forecasts, and Case Studies Focused on the Adoption of Personalization & Optimization Within CX Platforms and Applications

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Section 1

Executive Summary

1.1   Introduction

Given the wide range of options for the digital and physical ordering, fulfillment, and after-service care available to both consumers and businesses, a one-size-fits-all approach to CX is not only outdated, but a recipe for driving customers away. That is why providing a personalized and optimized CX remains a widespread goal of both business-to-consumer (B2C) and business-to-business (B2B) companies seeking to create deeper, more customer-centric interactions that are the hallmark of driving customer loyalty and a higher amount of repeat business.

Providing such a personalized and optimized experience requires a multifaceted approach, which involves understanding each customer's specific preferences and desires, assessing their typical customer journey from initial contact through post-sales interactions, and ensuring that the organization has unfettered access to the data and software tools to create and nurture these one-to-one experiences.

Many companies are faced with challenges delivering on their personalization & optimization efforts, often due to the presence of data silos, which prevent applications and agents from easily accessing the information that can limit their ability to identify the preferences, triggers, and processes that are most preferred by customers. Further, an overuse of personalization can negatively impact the CX if customers are questioning how certain personal information was captured, and whether its use feels overly intrusive or even creepy.

From a CX perspective, organizations can address personalization & optimization through a variety of approaches, which range from using anonymized browsing data, all the way to personal data supplied willingly by the customer. Successful personalization & optimization programs generally help create more engaged customers, which spend more time with the brand, and often become more frequent customers. When executed properly, personalized and optimized experiences can improve not only CX, but have a direct impact on sales and profitability.

1.2   Market drivers

The growing use of personalization & optimization to improve CX is driven by several internal and external factors, including:

- A shift to digital sales and marketing efforts has increased the amount of data available for use in personalization

- Customers increasingly expect personalized and optimized experiences across all channels

- Personalized offers are driving revenue growth

- Automation and artificial intelligence (AI) allow more efficient optimization and personalization

- More organizations are shifting from a traditional sales model to a customer-centric loop approach

1.3   Market barriers

Despite the demand for increasingly personalized and optimized CX, organizations often run into challenges that impact their ability to provide more individual and friction-free experiences, including:

- Balancing personalization & optimization against feelings of intrusion
- Data quality issues
- Data governance, privacy, and security concerns
- Challenges with shifting sales and marketing approaches from a sales loop to a customer engagement (CE) model

1.4   Market forecasts

Dash Research projects that the market for personalization & optimization enabling software will reach $11.6 billion by 2026, increasing from $8.1 billion in 2019, reflecting a compound annual growth rate (CAGR) of 5.2%. Personalization & optimization features are often incorporated across a wide range of software, many of which are not labeled as "personalization" or "optimization" applications.

| Chart 1.1 | Personalization & Optimization Software and Services Revenue by Region, World Markets: 2019-2026 |

Source: Dash Research   © 2021 Dash Network

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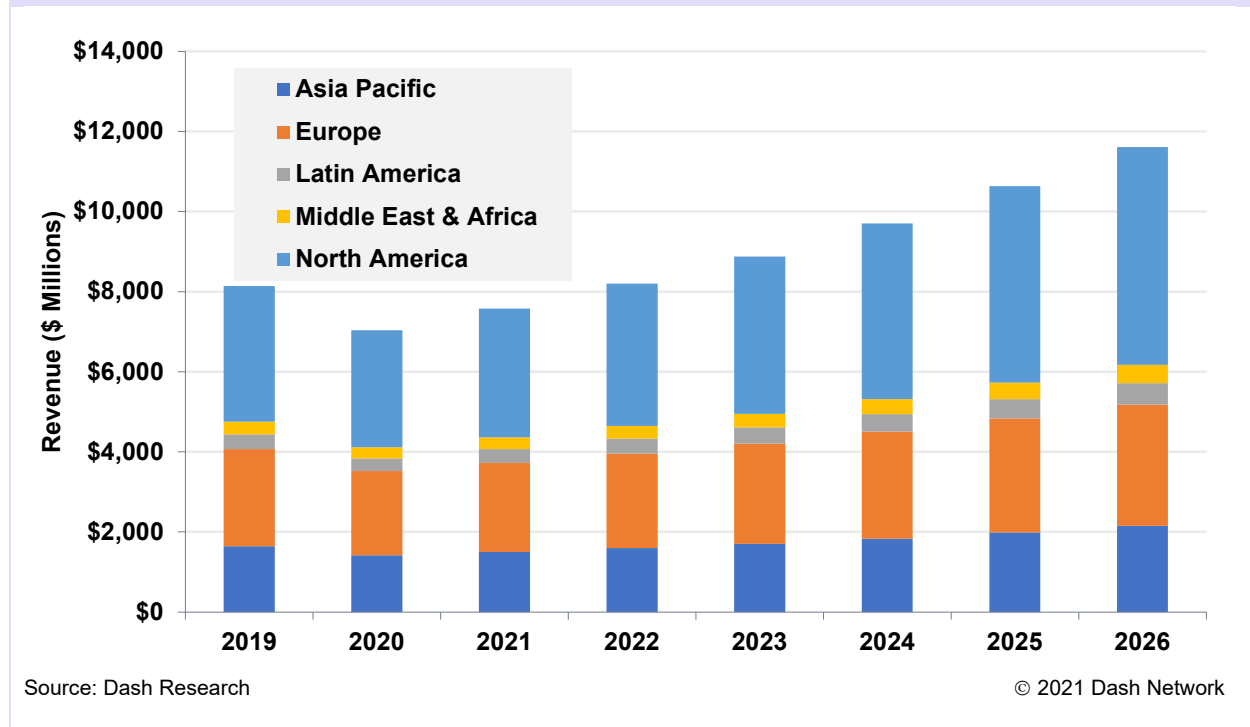
1.5　　Dash Research insights

- The use of personalization & optimization to improve CX is increasing across all industries, though most notably within industries that are rich with personal data, such as healthcare, telecommunications, financial services, and retail.

- As the number of choices for suppliers increases due to the internet, customers will simply move on to another provider if they believe the company does not value them or their preferences.

- A company-wide focus on personalization & optimization is required to improve CX, as the data used to provide a more customized and individualized experience will come from nearly every department in the company, including marketing, sales, product fulfillment, customer service, customer loyalty, and information technology (IT).

- Organizations that do not exercise good data governance will find it more difficult to provide personalized or optimized experiences, as these functions are driven solely by data.

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8.1   Scope of study

This Dash Research report examines the market issues, drivers, and barriers for CX and CE software platforms, software applications, and services that incorporate or facilitate the personalization and/or optimization of CXs. Several case studies illustrating the various ways personalization & optimization efforts are being deployed by end users are included in the report. The scope of the market forecasts includes software that is deployed by Dash Research's ecosystem of companies that spans 20 industries, 5 world regions, and 3 offerings (software platforms, software applications, and professional services). The forecast takes 2019 as a base year, forecasts market value from 2021 through 2026, and segments the market by offering, geography, and function (CX versus CE).
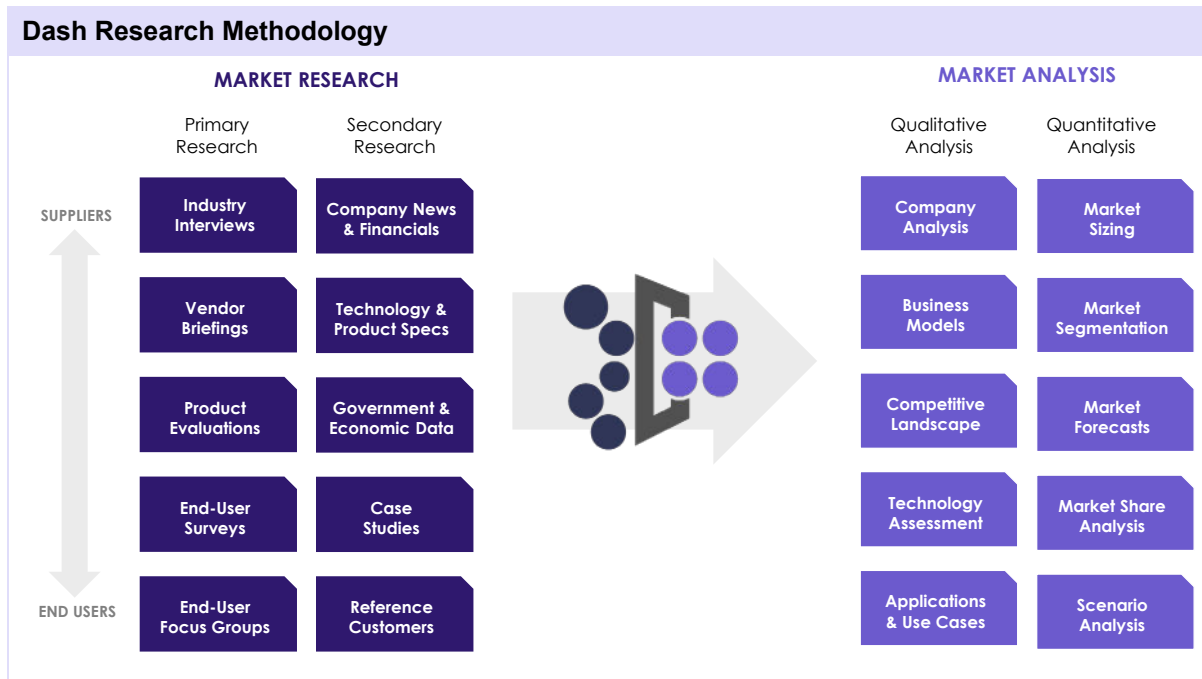
8.2   Sources and methodology

Dash Research is an independent market research firm that provides industry participants and stakeholders with an objective, unbiased view of market dynamics and business opportunities within its coverage areas. The firm's industry analysts are dedicated to presenting clear and actionable analysis to support business planning initiatives and go-to-market strategies, utilizing rigorous market research methodologies and without regard for technology hype or special interests including Dash Research's own client relationships. Within its market analysis, Dash Research strives to offer conclusions and recommendations that reflect the most likely path of industry development, even when those views may be contrarian.

The basis of Dash Research's analysis is primary research collected from a variety of sources including industry interviews, vendor briefings, product demonstrations, and quantitative and qualitative market research focused on consumer and business end users. Industry analysts conduct interviews with representative groups of executives, technology practitioners, sales and marketing professionals, industry association personnel, government representatives, investors, consultants, and other industry stakeholders. Analysts are diligent in pursuing interviews with representatives from every part of the value chain in an effort to gain a comprehensive view of current market activity and future plans. Within the firm's surveys and focus groups, respondent samples are carefully selected to ensure that they provide the most accurate possible view of demand dynamics within consumer and business markets, utilizing balanced and representative samples where appropriate and careful screening and qualification criteria in cases where the research topic requires a more targeted group of respondents.

Dash Research's primary research is supplemented by the review and analysis of all secondary information available on the topic being studied, including company news and financial information, technology specifications, product attributes, government and economic data, industry reports and databases from third-party sources, case studies, and reference customers. As applicable, all secondary research sources are appropriately cited within the firm's publications.

All of Dash Research's reports and other publications are carefully reviewed and scrutinized by the firm's senior management team in an effort to ensure that research methodology is sound, all information provided is accurate, analyst assumptions are carefully documented, and conclusions are well-supported by facts. Dash Research is highly responsive to feedback from industry participants and, in the event errors in the firm's research are identified and verified, such errors are corrected promptly.

Dash Research Methodology

MARKET RESEARCH

Primary Research | Secondary Research

SUPPLIERS

Industry Interviews	Company News & Financials
Vendor Briefings	Technology & Product Specs
Product Evaluations	Government & Economic Data
End-User Surveys	Case Studies
End-User Focus Groups	Reference Customers

END USERS

MARKET ANALYSIS

Qualitative Analysis | Quantitative Analysis

Company Analysis	Market Sizing
Business Models	Market Segmentation
Competitive Landscape	Market Forecasts
Technology Assessment	Market Share Analysis
Applications & Use Cases	Scenario Analysis

8.3 Forecast methodology

Dash Research has taken a multifaceted approach to developing its forecast model. A scan of the market was undertaken to identify a market ecosystem consisting of companies serving the CX market, including small, medium, and large players, across seven key CX functional areas: contact center; personalization & optimization; customer feedback; customer data & analytics; customer relationship management (CRM); customer data platform (CDP); and employee experience.

Using a combination of company-supplied data (annual reports, press releases, analyst conference calls) and public and subscription-based company databases, an assessment of each company's revenue was captured for the base year of 2019. Further assessments on the amount of revenue that was directly attributed to CX platforms, applications, or services were made, along with an assessment of the revenue level attributable to personalization & optimization efforts, which were cross-checked against customer lists, press releases, and industry news reports.

To forecast the potential market value, industry growth rates from several sources were collected and analyzed, and applied as a baseline growth rate for the industry. Then, segment growth rates were calculated by implementing technology adoption growth curves for each region and functional area, taking into account the internal market dynamics and external economic factors that impact the CX market.

The forecast is not without limitations; many of the functional areas overlap, and Dash Research's categorization relies not only on vendors' classification, but on an assessment of what the company's products and services actually allow a customer to accomplish. Further, while Dash Research has attempted to capture a wide-ranging and comprehensive ecosystem of companies, the definition of what constitutes CX software and services is highly variable. Dash Research has focused on companies that offer solutions that are clearly focused on CX, as opposed to marketing automation, sales automation, or other related applications.

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